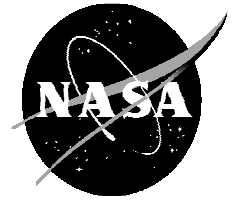


NATIONAL AERONAUTICS AND SPACE ADMINISTRATION



# **Procurement Management Review Report**

## **STENNIS SPACE CENTER**

June 22 - 26, 2009

**OFFICE OF PROCUREMENT**

**HEADQUARTERS**

**WASHINGTON, D.C.**

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## PREFACE

The NASA Headquarters Office of Procurement conducted the procurement management review at the Stennis Space Center (Stennis) under the authority of NASA Procedures and Guidelines 1000.3, The NASA Organization. The review was conducted from June 22 - 26, 2009. The report contains the review strengths, weaknesses, and considerations.

An exit briefing was held on June 26, 2009, to discuss the review findings.

This report serves as a basis, in part, for fulfilling internal control requirements in accordance with the Federal Manager's Financial Integrity Act of 1982 (P.L. 97-255).



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# Section I

## OVERVIEW

The Stennis Office of Procurement (Stennis Procurement) is providing meaningful support to their technical and program customers.

The procurement management review consists of two primary components: 1) interviews with technical and procurement personnel regarding the effectiveness of the procurement organization, and 2) compliance reviews that consist of a review of contracting actions focused on compliance with procurement statutes, regulations, and procedures. The primary emphasis of the compliance portion of the review is on systemic procurement processes rather than individual file anomalies. Current procurement innovations, both Agency-wide and Center-specific, are also reviewed. A concurrent review of the Small Business Programs was conducted by representatives from the Headquarters Office of Small Business Programs (Small Business). A copy of the results of that review and Small Business recommendations is attached.

The results of both the interviews and compliance reviews are compiled into narrative summaries with strengths, weaknesses, and areas of consideration identified as appropriate. Strengths are generally defined as best practices utilized in support of the procurement system. Weaknesses are defined as problems, typically systemic, that require corrective actions. Considerations are defined as issues that: 1) if not corrected could turn into a problem or problems that are not necessarily systemic but should be corrected, or 2) would result in better business practices if corrected.

The team sought to identify Stennis processes or initiatives that may be beneficial to other Centers. Conversely, the team also sought to identify suggested approaches utilized by other Centers that may be beneficial to Stennis in an effort to promote the exchange of successful lessons learned and innovative procurement methodologies between Centers.

The exit conference at the conclusion of the review typically consists of a direct exchange of observations and ideas among the participants. Center ownership of the resolution of any identified weaknesses or considerations is emphasized through the review follow-up process. This process focuses on actions or initiatives undertaken by the Center to address review findings. The Stennis Procurement Officer shall provide a summary of the actions taken to resolve all weaknesses and considerations in this report in writing to the Assistant Administrator for Procurement and review manager. The summary will be included in the semi-annual Center Self Assessment report approximately six months after the issuance of this report. Updates on efforts to address review findings are also included in subsequent Center Self Assessments. The Procurement Management Review manager will coordinate with the Center's Headquarters Procurement Analyst to issue written closure of weaknesses identified in the review after the Center completes all corrective actions.

## **1. Review Team Membership:**

Below is a list of team members and the areas reviewed:

**Yolande Harden**, HQ, Review Manager: Interviews (procurement and technical), Organizational Structure and Staffing, Acquisition Planning, and Negotiation Documentation

**Don Moses**, HQ: Justifications for Other than Full and Open Competition, Contract Safety Requirements, Evaluation of Contractor Performance, Exercise of Options, Interagency Agreements, Technical Evaluations, Financial Management Reporting, and Simplified/Commercial Acquisitions

**Ann Sharpe**, HQ: COTR Training and Delegations, Award and Incentive Fee Contracts, Contract Closeout Process and Unliquidated Obligations (ULOs), Purchase Card Program, Contract Management Module Implementation, and HSPD-12 Implementation

**Mary Kincaid**, JSC: Government Furnished Property, Construction and A&E Services Contracts, Undefinitized Contract Actions, Environmental Issues, Competition under Multiple Award and IDIQ Contracts, and Cost/Price Analysis

**Karin Huth**, GRC (Remote review): Internal Policies and Procedures, Self Assessment Process, Metrics Review and Documentation, DCAA Audit Follow-Up, 1102 Career Development and Training, and Source Selection Process

### **Small Business Representatives**

**Eleanor Chiogioji**, OSBP, and **John Cecconi**, NSSC: Small Business Programs

**2. Review Support:**

The review could not have been accomplished successfully without the support of the following individuals:

Steve Taylor	Stennis Point of Contact
David Keith	Stennis Point of Contact
Cheryl Lunt	Stennis Administrative Support

## SECTION II

### ORGANIZATION - MANAGEMENT

#### **1. Organization Structure and Staffing**

The Stennis Procurement organizational structure has changed significantly since the last procurement management review. The Acquisition Management Office separated from the Business Management Office to create the Office of Procurement which reports directly to the Center Director. The organization currently consists of three divisions: Program Management, Center Management, and the newly formed Procurement Management division. A request to senior Center management for the establishment of a fourth division for Construction and A&E Services is currently under review. The Team Leads under the previous organizational structure are now supervisory Division Chiefs. The Division Chiefs also perform hands-on workload activities in addition to supervisory functions due to overall increased workload, staffing constraints, and lower experience levels with new employees.

The total staffing level in the organization increased from 20 to 24 since the previous review. However, it is noted that the previous review was conducted in the aftermath of Hurricane Katrina when the organization experienced significant staffing losses. One of the current staffing slots is held for an employee on active military duty. The grade level was increased for several positions: the Deputy Procurement Officer position increased to GS 15; a new lead construction contract specialist position increased to GS 14; the procurement analyst position increased to GS 13 due to accretion of duties; and two contract specialist positions to support the A3 Test Stand construction and other complex procurements are under consideration for increase to GS 13.

Stennis Procurement utilizes support contractor personnel for several administrative functions including one closeout contractor employee. The organization also has two Defense Contract Management Administration (DCMA) employees co-located in the office. One DCMA employee serves as a contract administrator and the other is a DCMA intern. The employee attrition rate decreased significantly since the previous review. The attrition rate in fiscal year 2006 was 21% while the attrition rate in fiscal year 2009 was 12.5%. Overall the organization experienced a 50% turnover rate since the last review. Several reasons were cited for the high turnover; they include: competition for limited GS 1102 personnel in the Mississippi, Louisiana, and Alabama area with other the federal entities onsite such as the NASA Shared Services Center (NSSC), the Navy, the National Oceanic and Atmospheric Administration; higher salaries offered by the NSSC and the General Services Administration; and reduced number of qualified or experienced GS 1102 candidates.

#### **2. Procurement Staff Interviews**

Interviews were conducted with several members of the Stennis Procurement workforce to gain a greater insight into the effectiveness of the procurement organization. Interviews were conducted with a wide range of individuals varying from the most junior levels to senior personnel with 25 years of procurement experience. The majority of the people interviewed were relatively new to the Center with less than five years at Stennis. However, many in this group had previous experience with other federal agencies.



The overall response from procurement personnel regarding the status of the organization was very positive. Morale is perceived as good. The positive work environment is attributed to the fact that without exception, employees are willing to help each other and share ideas whenever necessary. Workload levels are perceived as heavy and challenging but manageable. Some individuals are reaching the limits of workload capacity. Communication within the organization is perceived as good by most.

The vast majority of people interviewed indicated that the relationships with the technical organizations are strong. Technical personnel are responsive to procurement requests, and procurement personnel are appropriately involved in the technical discussions and meetings. The relationships with the legal office are good. Some of the more junior people interviewed have had limited interaction with the legal office.

Stennis Procurement management is perceived as effective and supportive in the areas of communications, accessibility, and flexibility. Some indicated that management provided good positive and constructive feedback while others did not feel that they received sufficient constructive feedback from management.

Training opportunities are available for Headquarters-sponsored courses and courses sponsored by the Center. Weekly 'lunch and learn' sessions provide a variety of internal training opportunities which address relevant procurement related issues. Individual development plans are utilized to manage career goals and development.

Many of the newer employees indicated that the nature of their workload did not require the need to communicate with the Headquarters Office of Procurement. Individuals working larger or more complex contract actions expressed the ability to communicate with the Headquarters Office of Procurement when necessary without any problems. Generally, people indicated that issues regarding the use of the Contract Management Module were significantly improved since the last review. Most indicated that although better than before, improvements to the system are still needed.

### **3. Technical Customer Interviews**

Representatives from a variety of technical organizations were interviewed regarding the effectiveness of Stennis Procurement and their level of satisfaction. The Contracting Officers Technical Representatives (COTRs) interviewed had NASA experience that ranged between ten and 30 years.

All COTRs met the current training requirements and have active delegations on contracts. Most were aware of the Federal Acquisition Certification for Contracting Officer's Technical Representatives (FAC-COTR) requirements. Stennis Procurement conducted several awareness workshops regarding the new certification requirements. The majority interviewed indicated that the relationship with the procurement organization was good to excellent. Many stated that representatives from procurement are actively involved in their staff, organization, and strategic planning meetings. The level of interaction with procurement varied depending upon the size and complexity of the contracts.

Overall, from the viewpoint of the technical organizations, Stennis Procurement is doing an effective job to support their respective organizations and the quality of procurement products is good. The procurement organization is thorough and timely. Smaller purchases seem to take longer than anticipated at times. One COTR indicated that the Center facilities contract is used to acquire some small dollar value items as a time savings measure. The ability to receive electronic contract modifications is a definite benefit. A common

theme but not perceived as completely disruptive is the frequency with which contracting officers change. Most COTRs indicate that when contracting officers change contracts, the transition is smooth.

#### **4. Metrics Review and Documentation**

Stennis Procurement collects metrics in the areas of small business goals, procurement lead times, UCAs, and timeliness of award fee payments. The last review noted that metrics data was not reported to Center management. The Procurement Officer planned to start reporting metrics with red, yellow, and green scoring indicators to measure performance. Distribution of a customer satisfaction questionnaire was also planned. The Procurement Officer reports key metrics data to senior Center management during monthly 'one on one' updates. Metrics data is also reported in the Stennis Procurement weekly activity reports. The type of data reported to Center management includes small business goals, open purchase requisitions, and upcoming actions.

The Deputy Procurement Officer ensures that actions are taken to address negative metrics data. Efforts were recently initiated to focus emphasis on eliminating backlogs within the Past Performance Database and the high number of contracts ready for closeout. Special emphasis is also placed on achieving small business goals, particularly in areas that are historically weak (i.e., Women-Owned Small Businesses, Service Disabled Veteran Owned Small Businesses). Metrics data is discussed during weekly staff meetings, and information is provided to the division chiefs and employees via email with updates on progress in areas such as CMM utilization.

#### **5. Procurement Career Development and Training**

Thorough training files are maintained by the Center procurement training coordinator. Copies of all course completion certificates, certifications, and previous Defense Acquisition University transcripts, when applicable, are maintained for each employee. All GS-1102 personnel have met the 80 continuous learning points (CLPs) requirement for the period ending September 30, 2009. CLPs are tracked on an internal spreadsheet by division, individually, and for the entire organization. Quarterly updates are made and information is cross-checked with the System for Administration, Training and Educational Resources for NASA (SATERN) database. Attendance logs for internal training activities are provided to the Office of Human Capital Management and then entered into SATERN. The various training logs are stamped as "eligible for CLP credit" and then signed and dated by the division chiefs and the Procurement Officer.

An additional database is maintained that reflects information for each employee regarding grade level, warrant status, education, mandatory courses completed, and certification level. Plans are underway to add a category for CLPs to this database. Employees and managers are notified twice a year of their CLP status. A separate spreadsheet is maintained to track Federal Acquisition Certification in Contracting (FAC-C) applications sent to the NASA Shared Services Center.

The Procurement Officer issues warrants at various levels depending upon organizational needs, individuals' level of seniority and experience, and individual responsibilities. Junior contract specialists are granted unlimited warrants for incremental funding actions. Other limited warrants range from \$500K - \$50M for GS 13/14 contracting officers depending upon seniority and responsibilities. Division chiefs have unlimited

warrants. The Procurement Officer personally handles all information related to the issuance of warrants. Files are maintained for current warrant holders and a record is kept of rescinded (due to promotion or separation from the Center) warrants. Files are documented to provide justification for any increases in warrant authority.

## **STRENGTH:**

Stennis Procurement is commended for the pro-active measures taken to ensure that all GS-1102 personnel within the organization met the 80 CLP requirement, several months prior to the September 30, 2009 deadline.

## **6. Contracting Officer's Technical Representative (COTR) Training and Delegations**

### *Training*

NFS Part 1842.270 which addresses COTR training requirements was updated effective January 1, 2009 to comply with the Office of Federal Procurement Policy's (OFPP) letter dated November 26, 2007, entitled, "Implementation of FAC-COTR". The NFS requires all COTRs and alternate COTRs to complete 40 hours of approved basic COTR training and 40 CLPs every two years after completion of the basic training.

Stennis Procurement maintains a list of "Active COTRs" who are eligible to perform the COTR functions at the center. The list includes only those individuals who meet the updated mandatory training requirements and are FAC-COTR certified.

The Stennis Procurement training coordinator worked closely with Headquarters Office of Procurement to verify that COTRs currently assigned to contracts met the basic 40-hour training requirement. There were 152 individuals on the list of eligible COTRs prior to the verification exercise. 92 out of 152 met the basic training requirements and only 30 of the 92 COTRs are currently assigned to contracts.

FAC-COTRs were granted to all COTRs meeting the basic training requirements. Stennis Procurement conducted six awareness training sessions for the entire pool of existing COTRs and for senior management regarding the FAC-COTR requirements and the requirements to maintain certification.

### *Delegation*

NSF 1842.270 authorizes the appointment of a qualified Government employee to act as the representative for the Contracting Officer in managing the technical aspects of a particular contract. The NASA Form (NF) 1634, "Contracting Officer Technical Representative (COTR) Delegation", is used to appoint COTRs. Delegations may only be issued to individuals with the FAC-COTR.

All files reviewed included a properly executed and signed NF 1634. Stennis Procurement maintains a list of individuals with current FAC-COTR designation. The information is readily available to allow contracting officers to verify eligibility.

**STRENGTH:**

Stennis Procurement is commended for its pro-active efforts to educate the COTR community and Center management regarding the FAC-COTR program and requirements.

**7. Self-Assessment Program**

Stennis Procurement conducts self-assessments in accordance with the NASA Self-Assessment Guide. The review team responsible for conducting the assessments includes: a representative from the Office of Chief Counsel, the Procurement Management division chief, the cost/price analyst, and other contracting officers. The assessment reports address weaknesses from previous Procurement Management Reviews and also any issues on major contracts at the Center. The reports include an overview of the findings and recommendations signed by the Procurement Officer, a corrective action spreadsheet, and individual reports of the findings for each topic reviewed. The corrective action spreadsheet tracks the review topic/reviewer, weakness or deficiencies identified in the review and validated in the self assessment, planned corrective actions, and the status (open/closed) of actions.

Generally, the individual reports include a narrative discussion of the specific area reviewed, the nature of the survey findings, narrative descriptions of the self assessment findings, and an overview of the assessment findings. Note: not all individual reports reflected the correct review period dates and not all reports utilized the same format.

The most recent assessment report was submitted to Headquarters Office of Procurement in June 2009 for the period September 08 – March 09. The report for the period April – September 08 was submitted in March 2009 and the report for the period September 07 – March 08 was submitted in August 2008.

**CONSIDERATION:**

Stennis Procurement should consider utilizing a standard format for drafting the individual reports of the finding for the topics reviews. A standard format would ensure consistency across reviews and help to ensure that all key areas were addressed during the review.

**WEAKNESS:**

Stennis Procurement shall ensure that Self Assessments are conducted in a timely manner. Self assessment reports issued within a 3-month time frame (i.e., March 2009 and June 2009 respectively), do not leave sufficient time to correct findings from previous assessments.

## **8. Internal Policies and Procedures**

### *Policies & Procedures*

Stennis Procurement maintains a relatively small number of formal center work instructions and policy directives related to procurement. These are well-written and provide an appropriate level of detailed information to employees both within Stennis Procurement and the Center. The procedures appear to be regularly reviewed and updated. Most were revised within the past two years.

### *Knowledge management*

Stennis Procurement utilizes a number of both formal and informal tools to encourage knowledge management for its workforce. The primary formal tool is the required use of the shared "N" drive. Employees are required to upload documents to the shared drive. Management estimated that at least 98% of documents are in fact loaded on the N drive. When contract documents are distributed, they are uploaded to the shared drive. Documents are organized by Divisions. Checklists and other types of samples are also made available in this manner. Since the N drive is accessible to all employees, samples and other documents are readily available.

### *Web site*

Stennis Procurement completely revamped their internal website since the last review. This was a major re-design effort rather than an update to the existing site. The new site was released in early 2009 and was developed by a knowledgeable website designer. Updates are made continuously to keep links accurate and add new information.

The design of the site appears clean and logically organized with the primary information needed by procurement professionals clearly linked. The site is more than a collection of links as there is a prominent place for posting announcements and other key information. The site is designed both to provide organizational information and tools for Stennis Procurement employees. Several suggestions made in the last review report were incorporated into the new website design including links to the Past Performance Information Retrieval System (PPIRS) and direct links to Procurement Information Circulars (PICs) and Procurement Notices (PNs).

Currently, access to the site is only open to Stennis employees and is not accessible by employees at other NASA Centers. Stennis Procurement is investigating ways to share the website and determine the appropriate access levels. All of the links on the site are current and active.

### **STRENGTHS:**

Stennis Procurement is commended for the use of the shared N:\ drive as a valuable knowledge management tool. The ability to share contract documents within the procurement organization as well as across Center organizations (i.e., technical and resources) facilitates easy access to key documents,

reduces time to transfer information, and ensures that key personnel have access to the same information regarding contract actions.

Stennis Procurement is commended for devoting the appropriate resources to developing a well-designed, and informative internal website which provides easy access to useful tools for the Procurement workforce.

**CONSIDERATION:**

Stennis Procurement is encouraged to continue efforts coordinating with the Center's Office of the Chief Information Officer to make the internal Procurement website available to NASA employees outside Stennis.

## SECTION III

# PRE-AWARD PROCESSES AND DOCUMENTATION

### 1. Justifications for Other than Full and Open Competition (JOFOCs)

The review in this area focused on contracts over the simplified acquisition threshold. JOFOCs for action within the simplified acquisition threshold are addressed in Section VI of this report. All JOFOCs met the content requirements of the FAR and were concurred and approved/signed by the appropriate officials in accordance with NFS 1806.304-70. JOFOC rationale was commendable for the high dollar contract files reviewed. One file reviewed utilized the authority prescribed in FAR Part 6.302-2 "Unusual and Compelling Urgency". The document essentially addressed the requirements outlined in PN 04-37, "Notification and Content Requirements of Unusual and Compelling Urgency Authority" dated Oct 3, 2008 prior to the issuance of the policy.

The previous review identified a weakness regarding the execution of the JOFOC prior to receipt of synopsis responses. The previous report also identified a consideration which addressed the lack of sufficient rationale for utilizing the authority prescribed in FAR Part 6.302-3(a)(2)(ii), "...maintaining essential capabilities...". Based on this review, both areas were sufficiently corrected on subsequent JOFOCs.

#### **STRENGTH:**

Stennis Procurement is commended for the vast improvement in its JOFOC rationale and documentation.

### 2. Acquisition Planning

Contract files were reviewed for the presence of acquisition plans (as required), Master Buy Plan documentation (as required), market research, set aside recommendations, purchase requisition packages and other relevant acquisition planning documentation in accordance with FAR Part 7 and NFS Part 1807. Stennis internal policy does not require the development of acquisition plans for efforts less than \$5M.

Acquisition plans and Master Buy Plan documentation was present when required in all files reviewed. The contract files contained the necessary approvals, addressed the disposition of comments, and included acquisition milestones. The Master Buy Plan actions reviewed were delegated back to the Center from Headquarters. The Center procurement strategy meeting discussions were documented in the files. Resolution of any actions items addressed during those discussions was also documented in the files.

Some files reviewed contained a thorough analysis of the market research conducted. Other files contained no market research analysis. Stennis has a market research analysis report form that addresses a variety of the factors considered during acquisition planning. The form, when present, is signed by the contracting officer. The form, however, is not used consistently throughout the procurement organization.

Stennis Form SSC646 “Small Business Set Aside Recommendation Form” requires review and signatures of the contracting officer, small business specialist, and the SBA Procurement Center Representative (PCR). Some files reviewed did not contain the PCR’s signature. One file contained a note that the PCR would review and sign the document “after the holidays”. No subsequent file annotation was present.

Purchase requisition packages in the majority of files reviewed contained the necessary information required to initiate the procurement process. Packages typically contained the purchase requisition (PR), requirements descriptions and/or specifications, milestone plans, government estimates, and NF 1707 “Special Approvals and Affirmations of Requisitions” which addresses Section 508 compliance, affirmative procurement, service contracting, quality assurance, safety, and capital equipment. Two files reviewed contained partial or planning PRs. One file contained the necessary approvals to proceed without a fully funded PR while the other file did not contain any documentation or approvals.

### **CONSIDERATIONS:**

Stennis shall ensure that market research is addressed and documented in the file as part of the acquisition planning process. The Stennis market research analysis report is a good tool to document the efforts.

Stennis shall ensure that the appropriate review and approvals are obtained for the small business set-aside recommendations.

Stennis shall ensure that the appropriate approvals are received and documented in the file to initiate procurement actions without fully funded PRs.

### **3. Source Selection Process**

Stennis conducts a limited number of Source Evaluation Board (SEB) actions, there are only five large contracts at the Center and most are lower than the \$50M Master Buy threshold. The Test Operations Contract protest several years ago was the basis for developing an extensive archive of lessons learned example documents. The archive is maintained at the SEB facility and the documents are also stored on a shared drive that is available to all procurement personnel. A cost/price analyst was hired to assist all SEB activities on a full time basis. Procurement Development Teams are established to participate from the requirements development phase through source selection. Acquisition Buying Teams are utilized for processes below the \$50M threshold and follow a tailored version of the SEB process with the cost/price analyst providing input.

The Procurement Officer and Deputy conduct briefings with the board members at the beginning of the process. The board members convene during the pre draft solicitation phase and work together as a team through source selection. A full time representative from the legal office participates in an advisory capacity. The Procurement Officer or Deputy reviews SEB documents at every phase of the process: draft solicitation, solicitation, competitive range, discussions, etc. The Procurement Officer or Deputy also provides training to the board members regarding the most effective way to write findings once proposals are received. The goal is to expand the amount of SEB corporate knowledge within the organization.



Stennis has received only one protest in recent years so no formal protest log is maintained. A two page document of 'Lessons Learned' was prepared for the last protest in 2003. A bulleted list of lessons learned was assembled from both the contracting officer and the SEB voting members. The document did not, however, include a description of the protest issues, but the lessons learned are still valuable.

The Stennis price analyst works with contracting officers to develop the cost/price language for Sections L and M of competitive solicitations. Forms were developed for the submission of cost/price information in the proposals and are customized for the particular procurement. The cost/price analyst assists in the development of the government cost estimate and also participates as a non-voting member on all SEB activities. That individual is currently assigned to the three active SEBs.

#### **4. Negotiation Documentation**

Several negotiation documents, both pre-negotiation memoranda and price negotiation memoranda, were reviewed for compliance with FAR Part 15.406 and NFS Part 1815.406, relevant Procurement Information Circulars, and Stennis policies and procedures. Both new award and modification files were reviewed. Center policy for negotiation documents on actions greater than \$5M requires review by the contracting officer, price analyst, legal office, and the Procurement Officer as well as approval by the Procurement Officer. Legal office review is not required on actions below this threshold.

Most files reviewed addressed the elements specified in the FAR and NFS. Stennis does not appear to use the document templates provided on the Headquarters Office of Procurement's Virtual Procurement Office website or an internal template for assistance in developing the negotiation documentation.

Generally, sufficient documentation was provided in the contract files. Some files contained detailed and thorough information, while other files contained information sufficient to meet the minimum documentation requirements. Several isolated inconsistencies were noted during the file review. Some files included only a cursory description of the effort or changes negotiated. The status of contractor systems was not always adequately addressed. The negotiated value was greater than the government's objective position in two files reviewed. One file included a brief discussion of the differences. The second file did not include any explanation for the differences between the negotiated value and the objective position. Both files were reviewed and signed by the contracting officer, team lead, and Procurement Officer.

#### **CONSIDERATION:**

Stennis Procurement shall ensure that negotiation documents sufficiently address the elements specified in FAR Part 15.406 and NFS Part 1815.406. The utilization of a standardized format may assist to ensure consistency across the organization.

#### **5. Technical Evaluations**

Technical evaluations complied with the requirements of FAR Part 15.305 and NFS Part 1815.305. Technical evaluations in the files reviewed were comprehensive, complete, and well written, particularly for larger dollar contracts exceeding the simplified acquisition threshold. When required, technical evaluations

contained an assessment of proposed labor hours, categories, and skill mix. The file documentation indicates that the technical team members typically do not have access to the pricing section of proposals to minimize any potential influence of price on the technical assessments.

**STRENGTH:**

Stennis Procurement is commended for technical evaluations that are well written and fully documented, particularly for larger dollar contracts exceeding the simplified acquisition threshold.

**6. Contractor Safety Requirements**

Several files reviewed contained the NFS 1852.223-70 clause “Safety and Health”, but did not contain the corresponding NFS 1852.223-73 clause “Safety and Health Plan”. The clause is required in all solicitations and contracts that include NFS 1852.223-70. Coordination with the appropriate representatives from the Office of Safety and Mission Assurance is required to verify the need to incorporate either NFS 1852.223-73 or NFS 1852.223.72 “Safety and Health Short Form” in solicitations and contracts. Some of the files reviewed involved the presence of chemicals on site.

Other files reviewed contained the NFS 1852.223-72 and NFS 1852.223-75 “Major Breach Safety and Security”, as appropriate. All construction files reviewed included the required safety official reviews and required safety and health plans.

**WEAKNESS:**

Stennis Procurement shall ensure that NFS 1852.223-70, NFS 1852.223-73, or NFS 1852.223-72 are included in all solicitations and contracts as required by the NFS and that the appropriate review and approvals are obtained from the Office of Safety and Mission Assurance.

**7. Government Furnished Property**

Files were reviewed for compliance with FAR Part 45 requirements. Several files either did not contain the required determination and findings providing rationale for the utilization of Government Furnished Property. Several files contained no evidence of the required review by the Supply and Equipment Management Office.

The property determination and findings documents were not executed until specific task orders were issued on several indefinite delivery-indefinite quantity contracts reviewed. The appropriate review and approvals was not always present in the files.

**CONSIDERATION:**

Stennis Procurement shall consider providing additional guidance for the execution and review of the property determination and findings particularly on task and delivery order contracts.

**WEAKNESS:**

Stennis Procurement shall ensure that the appropriate property determination and findings are executed in a timely manner and that solicitations reviewed are by the Supply and Equipment Management Office as required. **(Repeat Finding)**

**8. Homeland Security Presidential Directive-12 (HSPD-12) Compliance**

Files were reviewed for compliance with Procurement Information Circular (PIC) 06-01 dated January 18, 2006, entitled, "Personal Identity Verification of Contractors". All award files reviewed that met the requirements included the required clause and card issuance procedures. Stennis Procurement worked with the Center security office to meet this requirement in a timely manner.

# SECTION IV

## POST-AWARD PROCESSES AND DOCUMENTATION

### **1. Evaluation of Contractor Performance**

Files were reviewed for compliance with FAR Part 42.15 and NFS Part 1842.15. All files reviewed contained the NF 1680 "Evaluation of Performance" as required. Generally, contractor performance information was entered into the Past Performance Database (PPDB) in a timely manner. There is a marked improvement in the timeliness and the quality of the narrative descriptions of PPDB entries since the last review.

A few isolated instances of inconsistencies were noted during the review. One incentive fee contract contained neither the NF 1680 in the contract file nor an entry in the PPDB. A narrative description of the performance evaluation was contained on a separate email attached to the file. Some files contained the summary narrative description and adjectival ratings for the various evaluation factors; however, the summary did not provide sufficient rationale for the ratings. One file reviewed condensed contractor performance information from several evaluation periods into one evaluation. Further, the information was not entered into the system within the 60 day time frame required by the FAR and NFS.

### **CONSIDERATIONS:**

Stennis Procurement shall ensure that narrative descriptions accompany each rating in the Past Performance Database and corresponding NF 1680. Summary narratives for award and incentive fee contracts should adequately provide the rationale for the rating of each factor.

#### *Headquarters:*

The Headquarters Office of Procurement (Contract Management Division) should amend the language at NFS 1842.1503(b) to ensure consistency with PIC 09-09 "Contractor Performance and the Past Performance Database". The current NFS language does not explain the requirement to capture at least summary level contractor performance information in the Past Performance Database.

### **2. Unfinalized Contract Actions (UCAs)**

Two UCAs were initiated since the previous review. The UCA files and corresponding modification documentation were reviewed for compliance with NFS Part 1843.70. One UCA was finalized well within the 180 day requirement and the other was finalized a few days after the 180 day requirement. The latter finalization occurred during the Hurricane Katrina recovery period. The value of the finalization modifications were within the Not-to-Exceed values established in the UCAs.

**CONSIDERATION:**

Stennis procurement shall ensure that support documentation for future UCAs specify that all costs incurred that are greater than the established Not to Exceed value are non-fee bearing.

**3. Competition under Multiple Award Task and Delivery Order Contracts**

Task and delivery orders were reviewed for compliance with FAR Part 16.5 and NFS Part 16.5. Several inconsistencies were noted related to pricing issues. Some orders did not include any type of price analysis; a certificate of current cost or pricing was missing from files; and some files contained weak determinations of price reasonableness. One file reviewed was well documented with information from GSA, including a statement that the proposed skills mix and level of effort should be assessed on requirements with a Statement of Work rather than relying upon GSA's negotiated rates. The determination of price reasonableness in that same file was based solely on the GSA determination that the rates were fair and reasonable.

The value of one task order reviewed exceeded of the statutory limitation for an Architect Engineering requirement. File documentation clearly demonstrated that the contracting office, technical evaluator, and contractor were aware of the limitation. Master indefinite delivery-indefinite quantity contracts were also reviewed. Several of the contracts reviewed did not specify who had the authority to place orders under the contracts.

**CONSIDERATIONS:**

Stennis Procurement shall ensure that the statutory limitation on price for Architect Engineering requirements is enforced.

Stennis Procurement shall ensure that all indefinite delivery-indefinite quantity contracts clearly identify who is authorized to place orders under the contracts.

**WEAKNESS:**

Stennis Procurement shall ensure that price analysis is conducted, adequate documentation of price reasonableness is included, and certificates of current cost or pricing data are obtained where applicable.

**4. Contract Closeout Process and Unliquidated Obligations**

Interviews were conducted with the Procurement Management division chief and the closeout coordinator regarding the contract closeout process. Legacy Resources provides support for closeout services. There is a high backlog of contracts ready for closeout and the Legacy support processing time is slow. Contract Specialists were asked to dedicate fifty percent of their time to the closeout effort to help reduce the backlog. Legacy maintains a database that tracks and reports open closeout actions. The report also includes information regarding the status and reasons for any overdue actions. An additional closeout administrator was hired in early Fiscal Year 2009 to support the Stennis closeout efforts. The Procurement Management

division chief currently conducts the initial closeout activities rather than the contracting officers in an attempt to streamline the process. Recent improvements were noted in the number of monthly closeout actions thereby reducing the overall number of outstanding closeout files.

#### *Unliquidated Obligations (ULOs)*

Stennis Procurement works closely with the Office of the Chief Financial Officer (CFO) to identify and deobligate funds. The CFO continually monitors unliquidated obligations and begins the process within 30 days of the end of the contract period of performance. Stennis Procurement and Legacy personnel work closely to ensure that funds are deobligated before they expire.

### **STRENGTH**

Stennis Procurement is commended for initiating an aggressive and pro-active managerial approach to address the closeout backlog and problems encountered with the closeout contractor. **(Repeat Strength)**

### **5. Award/Incentive Fee Contract Evaluation**

Award fee and incentive fee contracts were reviewed for compliance with NFS Part 1816.4. All files reviewed were well documented. All files awarded after June 29, 2007 complied with the NFS 1816.405 requirement to document the cost/benefit analysis to support use of award fee and incentive fee contracts, reemphasize the importance of connecting award/incentive fee criteria to desired outcomes, and limit the number of evaluation criteria. All files incorporated fee plans into the contracts. Fee evaluations were well documented, annual past performance documentation tied directly to each contract's documented evaluation, and fee payments were made within the required 60-day period.

### **6. Exercise of Options**

Files were reviewed for compliance with FAR Part 17.207 and NFS Part 1817.207. All files reviewed contained the FAR clause 52.217-9, options to extend the contract period of performance. The files reviewed generally met the FAR and NFS requirements. The weakness noted in the previous review regarding the option exercise determination was not noted during this review. The determinations reviewed adequately addressed the option price.

Some options were exercised 90 to 120 days before contract expiration. The option exercise language in the contracts state that options should be exercised within 60 days prior to the expiration of the contract period of performance. One file contained a comment from the legal office that questioned the early option exercise and the bona fide need for the action. Subsequent legal office concurrence was present in the file contingent upon written acceptance from the contractor. Stennis Procurement indicated that the options were exercised early as a result of pressure from the Headquarters CFO to ensure timely obligation of funds prior to the end of the fiscal year.

The unilateral exercise of the options prior to the 60-day period stated in the contract does not comply with the terms of FAR clause 52.217-9. There were only a few instances of 'early option exercise' in relation to the number of files reviewed in this area and the contractors agreed with the actions in all cases.

**CONSIDERATION:**

Stennis Procurement shall adhere to the clause requirements in FAR 52.217-9 to unilaterally exercise an option within the number of days specified in the contract. Continued unilateral exercise of options outside the terms of the contract may result in a weakness in future reviews.

**7. Interagency Agreements**

Files were reviewed for compliance with FAR Part 17.5 and NFS Part 1817.70. The determination and findings in many files contained no basis to support the assertion that the acquisition cannot be accomplished more economically from commercial sources. This area was identified as a weakness in the previous review. The dollar value placed on orders in some files were based on a budgeted amount derived by the servicing agency for services rendered and replenished as necessary by NASA. The files did not contain a basis for the manner in which the dollar value was derived.

A few files contained notes that legal reviews were not obtained due to timing constraints and subsequent implementation of the Stennis work orders. The orders generally contained all elements required by the NFS.

**WEAKNESS:**

Stennis Procurement shall ensure that the determination and findings for utilization of an interagency agreement supports the assertion that services cannot be acquired more economically from a commercial source. Additionally, Stennis Procurement shall ensure that the legal office reviews the documentation as required by the NFS. **(Repeat Finding)**

# SECTION V

## PRICING/FINANCIAL/AUDITS

### 1. Cost/Price Analysis and Profit/Fee Determination

Files were reviewed for thoroughness and the effectiveness of cost/price analysis and for completion of a structured fee approach where required. Task order/delivery order files were also reviewed. Some files contained an objective position stated as merely a number, with no real discussion of the manner in which that number was derived. The Certificate of Current Cost or Pricing Data was inaccurate in some files reviewed. The date of the certification and the date that the negotiations closed were not the same in some files reviewed. The files did not contain documentation of any agreements to establish alternate dates for price agreement.

Price analysis, distinct from cost analysis, was not consistently or effectively accomplished. The price analysis performed on one requirement indicated that the current price was significantly greater than the previous purchase price. The rationale provided stated that the requirements were greater on the current contract. The current price was not addressed in the analysis, but constituted a 54% increase over the previous purchase price. The analysis did not provide sufficient detail to conclude that the increase in requirements was commensurate with the 54% increase in price. The structured fee approach on one file reviewed did not contain a narrative explanation for the assignment of values other than the normal value.

#### **CONSIDERATION:**

Stennis Procurement shall ensure that negotiation documentation consistently includes the date negotiations were opened and closed to verify accuracy of the contractor's Certificates of Current Cost or Pricing.

#### **WEAKNESS:**

Stennis Procurement shall ensure that cost analysis, price analysis, and structured fee approaches are thoroughly and completely documented with sufficient rationale.

### 2. DCAA/OIG Audit Follow-Up

Stennis Procurement was tracking one reportable open audit during the review. The previous review identified a strength in the area of audit follow-up based on a system to keep a complete record of actions taken on findings and recommendations developed by Stennis Procurement. A spreadsheet of all open actions is still maintained and contracting officers are notified of any necessary actions. Currently audit information is only entered into the Contract Action Tracking System (CATS II) when the contractor disagrees with the audit findings. Stennis Procurement plans to revise their procedures to enter all audit findings into the system to comply with the OIG recommendations.



### **3. Financial Management Reporting**

Files were reviewed for compliance with NFS 1842.72. All files reviewed contained completed 533M forms for monthly reporting but the 533Q forms for quarterly reporting were not always easy to locate. Periodic reviews and analysis are performed by the cost/price analyst of cost over runs, under runs, contract value baseline and estimate to complete, and verification of contractor data. However, there were generally no corrective actions identified or responses from the contractor contained in the file that addressed the issues raised by the cost/price analyst.

#### **CONSIDERATIONS:**

Stennis Procurement shall ensure that the reviews and analysis of the 533 data which questions variances such as cost over runs, under runs, contract value baseline, estimate to complete, and questions other reported data, is provided to the contractor for responses and corrective action and documented in the contract files when necessary.

Stennis Procurement shall ensure that the 533Q documentation is maintained in the contract files in a readily identifiable location for ease of access and review.

# SECTION VI

## OTHER ISSUES

### 1. Simplified/Commercial Acquisitions

Most purchase orders reviewed generally met the FAR and NFS requirements. All files reviewed included good price reasonableness determinations. The files reflected some improvement from the previous review. One file did not contain a technical evaluation and several files contained technical evaluations that accepted the proposed efforts solely based on the fact that vendors did not take exception to the technical requirements.

Some files reviewed did not contain sufficient rationale for utilizing only one source. The justifications provided appeared to include rationale supporting the statement that “competition is impractical”. This rationale merely explained the bona fide need for the requirement. Some of the findings identified in Section III – Contractor Safety Requirements were also noted in the purchase orders reviewed.

#### **WEAKNESS:**

Stennis Procurement shall ensure that sufficient rationale is provided to use only one source to comply with the requirements at FAR 13.106-1(b). Additionally, Stennis Procurement shall ensure that technical evaluations for simplified and commercial acquisitions are documented in the file and contain sufficient detail to support proposals determined technically acceptable.

### 2. Purchase Card Program

The Stennis Procurement purchase card program was reviewed for adequacy of internal controls, training, number of card holders, purchase card module automated system, monthly reconciliation, delegations, violations, and limits (individual/ monthly) placed on individual card holders. Card purchases at the micro-purchase and simplified acquisition levels were reviewed. Special emphasis was placed on the key areas of OMB interest: (1) controls over convenience checks, (2) tracking property purchases, and (3) and strategic sourcing.

Stennis Procurement elected not to allow use of the purchase card program's convenience checks. The limited number of actions for any one type commodity or service does not make it feasible to implement strategic sourcing analyses. The Center property manager conducts reviews of property purchases within the Purchase Card Solutions automated tracking system.

Stennis has a total of 27 purchase card holders, which reflects a decrease of 13% since the previous review. An approving official is assigned to each purchase card holder as required. The Purchase Card Program Coordinator (CAPC), card holders, and approving officials are each individually designated in writing by the Procurement Officer.

The current CAPC has held the position for eight years, since 2001. This continuity provides the Center with invaluable corporate knowledge and consistency with the purchase card program processes. The CAPC and the support contractor are both knowledgeable of the monitoring and administration duties of the purchase card program.

All card holders and approving officials have completed required training prior to initiating purchases or approving any transactions. Additionally, all card holders and approving officials are required to take refresher training every three years. The CAPC closely monitors and tracks existing training records/requirements. All required training is current at the center.

A limited number of individuals are authorized to make purchases above the micro purchase threshold. All are warranted contracting officers. Only one of these individuals functions outside Stennis Procurement. This individual has completed the required simplified acquisition training, has a contracting officer's warrant with limited authority, is monitored closely by the CAPC, and is responsible for all training related purchases. The continued need for this function is currently under review since the majority of the training purchases are now initiated at the NASA Shared Services Center.

The CAPC maintains an internal list of controlled and prohibited purchases in the purchase card holder work instruction. The work instruction includes all required information for sales tax exemptions. The CAPC performs continual overviews to identify inappropriate purchase card activities. There were no instances of misuse or unauthorized commitments by any card holders since the previous review. Card holder accounts are suspended or cancelled for extended periods of inactivity unless the card holder needs to retain the purchase card for continuity of operations (COOP) activities. All current purchase card policies, procedures, and records regarding the purchase card program were reviewed and are well managed and documented.

**STRENGTH:**

Stennis Procurement is commended for the continued excellent efforts associated with the purchase card program. **(Repeat Strength)**

**3. Construction and Architect and Engineer (A&E) Services Contracts**

Six construction contracts were selected for review. Two files did not contain the contracting officer's written notice of a construction contract subject to affirmative action requirements to the Office of Federal Contracts Compliance Programs (OFCCP) as required by FAR 22.804-2(c). The written notice was also not provided on a construction task order issued under a third contract reviewed. FAR Part 19.805-1(b)(2) allows the award of a contract without competition to an Indian Tribe or Alaska Native Corporation above the \$3M threshold which requires competition; however, two such indefinite delivery indefinite quantity contracts were awarded for which no proposals were received or evaluated. The two contracts, awarded for the construction, structural steel fabrication and erection of the A3 Test Stand were awarded on a sole source basis utilizing the FAR Part 19.805-1(b)(2) authority.

## **CONSIDERATION:**

Stennis Procurement shall ensure that competitive procurements are considered for the award of significant or high dollar value actions. Although the FAR allows for non-competitive awards under certain circumstances, it is not necessarily in the best interests of the government to utilize that authority, particularly on high dollar value awards to small business firms.

## **WEAKNESSES:**

Stennis Procurement shall ensure that written notification is provided to the OFCCP in accordance with FAR 22.804-2(c).

Stennis Procurement shall ensure that proposals are solicited, received, and evaluated for sole source procurements conducted under the authority of FAR 19.805-1(b)(2).

## **4. Environmental Issues**

Contract files were reviewed for compliance with FAR Part 23, NPR 8530.1A, "Affirmative Procurement Program and Plan for Environmentally Preferable Products" and PIC 01-27, "Applicability of Affirmative Procurement". Files were generally compliant, some isolated errors were noted. However, no systemic issues were found.

## **5. Contract Management Module (CMM) Implementation**

Contract files were reviewed and Stennis Procurement personnel were interviewed verify utilization of the CMM for the generation of solicitation/award documents, creation of milestone templates, and actions taken to increase CMM proficiency/utilization.

Most contract files awarded in the last two years revealed that CMM is widely used. Stennis Procurement is leading the Agency in implementation and utilization of CMM. One hundred percent of the solicitations are generated in CMM. The corresponding agency average is 81%. The agency average for milestone utilization within CMM is 10.76%, the Stennis utilization rate is 34.86%.

## **STRENGTH**

Stennis Procurement is commended for leading the agency in the utilization of CMM.

**ATTACHMENT I**  
**SMALL BUSINESS PROGRAM**

# SMALL BUSINESS PROGRAM

## STENNIS SPACE CENTER

### OVERVIEW

#### 1. Scope of Review

The Office of Small Business Programs (OSBP) conducts reviews of a NASA field center's small business program to determine the extent to which the initiatives, activities, and processes implemented enable the center to meet its assigned small business goals. The review consists of interviews; analyses of goal metrics; and gathering of information about the Small Business Specialist's involvement in acquisition planning and contract administration, outreach activities, and training and about the initiatives implemented by the center's Small Business Program. The review also identifies issues that may prevent the center's small business program from achieving its objectives. Goal metrics focus on the various categories of small business: small businesses (SB), small disadvantaged businesses (SDB), woman-owned small businesses (WOSB), veteran-owned small businesses (VOSB), service-disabled veteran-owned small businesses (SDVOSB), and Historically Underutilized Business Zone small businesses (HUBZone). (OSBP tracks centers' metrics on minority-serving institutions (MSI) but does not require reporting on colleges and universities.)

This section of the Procurement Management Review focuses on the small business program at the John C. Stennis Space Center (SSC). Key elements of the program over a three-year reporting period--FY 2006, FY 2007, and FY 2008--and the factors associated with the program's effectiveness are discussed in detail.

#### 2. Organizational Structure and Staffing

The Small Business Program at SSC resides in the Procurement Management Support Division, one of the three divisions of the Office of Procurement. The center's Small Business Specialist (SBS) reports to the Division Chief, who is the SBS's supervisor of record and who reports directly to the center's Procurement and Deputy Procurement Officers. As shown in the Office of Procurement's organization chart, the Small Business Specialist is also "dotted lined" to the Procurement front office, indicating that the SBS has reporting access to the Procurement Officer. In this, SSC is in compliance with NASA FAR Supplement 1819.201(e)(1), which stipulates that "whether full-time or part-time, [the] assigned individual, when performing the duties of a small business specialist, shall report directly to the Procurement Officer."

SSC's Small Business Office, located within the Procurement organization in the center's headquarters building, Building 1100, is currently staffed by a Small Business Specialist whose organizational responsibilities are aligned with those of the center's Office of Procurement and whose functional responsibilities are aligned with the activities and concerns of the Office of Small

Business Programs. The Specialist's predecessor, who served as SBS for the latter two of the three years of this reporting period, served in similar capacity, as SBS and Procurement Analyst. This review discusses SSC's Small Business Program during the tenure of the prior Small Business Specialist.

### 3. Small Business Specialist Responsibilities

At SSC, the Small Business Specialist is responsible for the day-to-day operation of the Small Business Program, which includes reviewing purchase requirements for placement into the small business program, participating in acquisition planning, assisting in Uniform Methodology (NPD 5000.2A) procedures to determine small business goals on full-and-open procurements, evaluating subcontracting plans and performance, overseeing center goal achievements, resolving compliance issues, providing counseling and outreach, and enhancing the program to make it more responsive to constituent needs. NASA FAR Supplement 1819.201 provides a very specific description of the SBS' duties and examples of the SBS' activities are described in sections below.

As noted above, the SSC Small Business Specialist during this reporting period was "dual-hatted," functioning as SBS roughly 50 percent of his time and as Procurement Analyst the other 50 percent of his time. Hence, in addition to his responsibilities as SBS, his responsibilities as Procurement Analyst included reviewing procurement actions for all acquisitions more than \$100 M in value, conducting verification and validation of FPDS-NG data, developing the center's Master Buy Plan and Acquisition Forecast, updating and maintaining the center's procurement policies, and serving as technical monitor for the Close-out Contract.

Ensuring the success of the center's Small Business Program entails the Specialist's timely support of the OSBP mission and programmatic objectives, which can be difficult to do in the face of conflicting work demands or in the face of a demanding procurement workload. Because initiatives and timelines of different organizations seldom coincide, such conflicting work demands often make for difficult decision-making when setting priorities and schedules. What has made the difference at SSC has been the support given the SBS by the Office of Procurement's senior management, who are committed to ensuring the success of the center's Small Business Program. The Procurement senior management spoke highly of the Small Business Specialist, who served as Contracting Officer and back-up Contracting Officer while also serving as SBS. They praised his extensive procurement knowledge as well as the way in which he implemented the SSC Small Business Program.

#### **STRENGTH:**

The SSC Office of Procurement is to be commended on being advocates for and strong supporters of the center's Small Business Program. Procurement senior management, in particular, is to be commended on working with the SBS to enable his accomplishing both procurement and small business responsibilities.

METRICS

1. Center Prime Contractor Small Business Goals and Actuals

<b>Stennis Prime Metrics</b>	<b>FY-06</b>	<b>FY-07</b>	<b>FY-08</b>
	<b>Final</b>	<b>Final</b>	<b>Actuals</b>
	<b>Actuals</b>	<b>Actuals</b>	<b>as of 05/31/2009</b>
<b>Total Dollars</b>	<b>\$ 213,443,655</b>	<b>\$ 232,866,711</b>	<b>\$ 333,060,160</b>
<b>Small Business %</b>	<b>15.46%</b>	<b>28.26%</b>	<b>33.00%</b>
Goal	11.76%	11.76%	12.00%
Dollars	\$33,001,126	\$65,802,815	\$ 109,925,811
<b>SDB %</b>	<b>11.52%</b>	<b>11.85%</b>	<b>12.46%</b>
Goal	2.94%	3.53%	8.70%
Dollars	\$ 24,587,838	\$ 27,593,984	\$ 41,498,250
<b>HUBZone %</b>	<b>7.70%</b>	<b>11.40%</b>	<b>12.60%</b>
Goal	0.79%	2.35%	3.50%
Dollars	\$ 16,426,601	\$ 26,543,775	\$ 41,967,109
<b>WOSB %</b>	<b>4.05%</b>	<b>1.91%</b>	<b>2.39%</b>
Goal	1.76%	2.35%	2.50%
Dollars	\$ 8,651,974	\$ 4,445,160	\$ 7,953,832
<b>SDVOSB %</b>	<b>0.06%</b>	<b>0.00%</b>	<b>0.25%</b>
Goal	0.79%	0.87%	0.90%
Dollars	\$ 129,452	\$ -	\$ 832,515

Table 1: SSC SB Prime Contractor Data

As can be seen in the table above, SSC exceeded its overall small business prime contractor goals for FY 2006, FY 2007, and FY 2008. The increasing gap in percentage points between goals and actuals over those years—from 3.7 percent to 16.5 percent to 21 percent—can be attributed, in large part, to the number of construction contracts let, all but two of which have been awarded to small businesses as competitive set-asides or sole source contracts. The SDB and HUBZone categories for FY 2006, FY 2007, and FY 2008 and the WOSB category for FY 2006, which show similarly large differences in the respective goal-to-actuals percentages, point out more specifically the categories of small businesses that were awarded contracts.

Shortfalls in the WOSB actuals for FY 2007 and FY 2008 and in the SDVOSB actuals for all three years in the reporting period are attributed primarily to the difficulty in finding woman-owned and



service-disabled veteran-owned firms in the vicinity that could perform the type of work required by the center. Much of the work of interest to those firms is tied to SSC's Facility Operating Services Contract (FOSC), which was awarded two years ago. At present, in FY 2009, SSC lags in meeting its WOSB and SDVOSB goals, but efforts of the Contracting Officer for most of the center's construction contracts indicate that the situation may change in the coming months. Upcoming re-competes will also be a factor in the center's meeting its small business goals in all categories.

SSC reports no bundling of contracts in FY 2006, FY 2007, and FY 2008.

2. Individual Subcontracting Report (ISR)

<b>Stennis Space Center</b>			
<b>FY2006 - FY2008</b>	<b>Number of ISRs meeting Negotiated Goals</b>		
	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>
Number of ISRs Accepted/Submitted	4/4	4/4	3/4
Small Business	1/4	2/4	2/4
SB Calculated Percentage*	25%	50%	50%
SDB	2/4	1/4	1/4
SDB Calculated Percentage*	50%	25%	25%
HUBZone	2/4	4/4	1/2
HUBZone Calculated Percentage*	50%	100%	50%
WOSB	3/4	4/4	2/4
WOSB Calculated Percentage*	75%	100%	50%
VOSB	4/4	4/4	1/3
VOSB Calculated Percentage*	100%	100%	33%
SDVOSB	4/2	2/2	0/1
SDVOSB Calculated Percentage*	50%	100%	0%

\* The percentages reference the number of goals met, divided by the number of ISRs accepted that have goals in the respective category.

Table 2: SSC SB Subcontracting Data, Based on Individual Subcontracting Reports (ISR)

Subcontracting goals are required for procurements exceeding \$550K in value and for construction procurements exceeding \$1M in value. As pointed out below, the SBS actively participates in the center's acquisition planning activities, which include assisting in the determination of subcontracting goals for small businesses (SB), small disadvantaged businesses (SDB), HUBZone businesses, woman-owned small businesses (WOSB), veteran-owned small businesses (VOSB),

and service-disabled/veteran-owned small businesses (SDVOSB). Goals for HBCU and other minority institutions are also recommended but, as noted above, not tracked in this report.

The achievement of small business subcontracting goals is tracked through the Individual Subcontracting Report submitted by the prime contractor every six months throughout the life of a contract. The table above shows that SSC's prime contractors have not always succeeded in meeting the subcontracting goals in their respective contracts, i.e., in each of the fiscal years the number of primes that met the small business subcontracting goals required in their contracts fall short of the number of contracts that require those goals. In FY 2006, three of four contractors did not meet their SB subcontracting goals; in FY 2007 and FY 2008, two of four contractors failed to meet their goals. The data for the individual categories of small business indicate the specifics of the shortfall--e.g., of the four contracts that required subcontracting goals in FY 2008, all four stipulated SDB goals, but only one contractor met its goal. Contractors have occasionally reported awarding subcontract dollars to categories of small business for which there are no goals, but the ISR excludes such data.

In general, subcontracting goals are cumulative throughout the contract's entire period of performance, and contractors are expected to have met those goals by contract's end. Hence, a contractor's failing to meet its subcontracting goals in any one fiscal year, as is shown in the ISR table above, does not necessarily indicate poor performance on the contract or inadequate progress toward meeting those goals. Such factors as type of contract, changes in contract funding, or size status of the small business subcontractor may affect the contractor's annual achievement of its subcontracting goals. At SSC the number of contracts requiring a subcontracting plan is small, so that when two contractors out of four meet their respective SDB goal, as in the example above, the result is a success rate of only 50%. However, SSC has had remarkable success in FY 2007, when the subcontracting goals in four of five socioeconomic categories--HUBZone, WOSB, VOSB, and SDVOSB--were achieved.

The ISR data for FY 2008, which project a downward trend from the preceding year, suggest that closer monitoring of prime contractors' implementation of their proposed subcontracting plans may be in order. The contracting officer might consider documenting the contract file with the following: (1) the reason(s) the goals have not been met, and (2) the contractor's proposed plan for achieving the goals throughout the remainder of the contract.

### 3. Small Business Set-Asides

<b>Stennis Space Center</b>			
<b>Small Business Set-Asides</b>			
	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>
Competitive Small Business Set-Asides Awarded (excluding SBIR and STTR)	5	3	15
Non-competitive Small Business Set-Asides Awarded	17	15	4
SBIRs Awarded	0	0	0
STTRs Awarded	2	0	0
Total Value of Small Business Set-Asides	\$20,805,604	\$22,348,442.00	\$71,211,878.00

Table 3: SSC SB Set-aside Contracts

Small business set-asides are used when there are two or more small businesses that can perform the work required in a contract. Over the three years of this reporting period, SSC awarded 23 competitive small business set-aside contracts, 36 non-competitive small business set-aside contracts, and two STTR contracts. As shown in the table above, the number of competitive set-aside awards in FY 2008 has grown to almost twice the total number of such awards from the two preceding years, while the number of non-competitive set-aside awards has steadily decreased over the three years of the reporting period. Also as shown in the table above, the obligated dollar amounts have increased substantially in each succeeding year.

#### PROGRAM MANAGEMENT

##### 1. Acquisition Planning

###### *Center Acquisition Forecast*

NFS 1807.72 states that it is NASA policy to prepare an annual Acquisition Forecast and semi-annual update, as required by the Business Opportunity Development Reform Act of 1988. In addition, the Forecast should include contract opportunities that small business concerns, including those owned and controlled by socially and economically disadvantaged individuals, may be capable of performing. At SSC, the Small Business Specialist develops the Acquisition Forecast, a primary purpose of which is to publicize possible upcoming opportunities for small businesses.

### *Center Acquisition Planning*

SSC's Small Business Specialist is actively involved in the center's acquisition planning activities, working closely with contracting representatives on the status--e.g., small business set-aside or full-and-open--of upcoming procurements. If the decision is small business set-aside, the Contracting Officer (CO) will initiate a Small Business Set-Aside Recommendation Form that details the particulars of the set-aside and forward it to the SBS for concurrence. Upon concurrence, the CO will sign the document, which is then forwarded to the SBA Procurement Center Representative (PCR) for signature. The PCR and SBS will resolve any concerns they have before the PCR signs her concurrence and the solicitation is released. A review of a sample of contract files revealed that the PCR, who is located in AL, signs the Recommendation Forms electronically. That review also revealed that the SBS was meticulous in annotating the forms, that the forms were properly signed, and that the process was complete prior to the posting of the respective RFP Synopsis, as required.

SSC's Work Instruction SWI-5100-0007 Revision C, "Procedures for Review and Approval of Procurement Documents," requires that the Small Business Specialist review all 8(a) solicitations prior to release, all solicitations over \$1 million (except construction), and all set-aside recommendations. During the solicitation review, the SBS ensures that applicable solicitations follow the requirements of PIC 08-05 (Small Business Utilization Subfactor).

In June 2008, the Small Business Specialist was named an advisor to the Procurement Development Team (PDT) for the upcoming re-compete of a large contract and worked with the team to search for possible set-aside or breakout opportunities for small businesses. That collaborative effort resulted in the procurement's being categorized a small business set-aside. The current SBS, who sits on the PDT for an upcoming re-compete of a large procurement, is similarly involved in the center's acquisition planning.

### *Uniform Methodology for Determining Small Business Goals (NPD 5000.2A)*

Section 5 of NASA Policy Directive (NPD) 5000.2A states that performance of the responsibilities for determining small business goals to be included in large business solicitations exceeding \$50M in value "will be the collective responsibility of the following team members: the Small Business Administration (SBA) Procurement Center Representative, as needed; the cognizant technical representative; Center Technical Advisor; Center Small Business Specialist (SBS), [sic] and the contracting officer." For acquisitions of lesser value, use of NPD 5000.2A is optional but recommended.

SSC did not award a large procurement that required a subcontracting plan during the Small Business Specialist's tenure, which began in FY 2007. However, the current Specialist will have the responsibility of using the Uniform Methodology to determine small business goals for an upcoming large procurement that is still in the planning stage. The Uniform Methodology, which documents the market research undertaken as a basis for the recommended goals, will be forwarded to the OSBP for concurrence after the Center approves it.

## 2. Contract Award / Contract Administration

### *Source Evaluation Board / Source Evaluation Committee*

SSC's Small Business Specialist serves as advisor, or subject matter expert (SME), in evaluating subcontracting plans submitted in proposals. The objective is to assess the completeness of the proposed subcontracting plan, the degree to which it meets or exceeds the requirements (such as small business subcontracting goals) in the RFP, and the qualitative elements of the offeror's commitment to small business. Guidance is provided in FAR 52-219-8, "Utilization of Small Business Concerns," and FAR 52-219-23, "Notice of Price Evaluation Adjustment for Small Disadvantaged Business Concerns."

The SBS served as advisor on one Source Evaluation Board (SEB) during the three years of this reporting period. The current SBS has recently been appointed advisor to the re-compete of a large contract and to the re-compete of a small-business set-aside.

### *Award Fee / Incentive Fee Assessments*

Using a prime contractor's proposed subcontracting plan and its performance on meeting small business subcontracting goals as evaluation factors for award fee / incentive fee determinations have proved to be effective measures for keeping the respective contractor "committed" to its teaming relationships with its small business partners. SSC conducts semi-annual contract reviews, the findings of which are documented in the center's Performance Evaluation Board (PEB) report.

The Small Business Specialist's input into award fee / incentive fee assessments consists of reviewing the write-ups on the portions related to small business goal achievement and small business involvement in executing the contract. In his capacity as a Business Monitor, the SBS evaluates the Individual Subcontracting Reports (ISR) and provides his evaluation to the PEB, through the Contracting Officer. Input includes the prime contractor's performance in relation to the subcontracting plan goals as well as timeliness and accuracy of the ISR. The SBS provides additional input when the prime contractor contributes in other ways, such as hosting a Small Business Forum.

SSC has two award fee contracts for which "Contract/Subcontract Management" is a subfactor. The current SBS anticipates similar involvement in contract reviews.

## 3. Coordination

### *SBA Procurement Center Representative*

The SBA Procurement Center Representative (PCR) for SSC oversees the small business programs of a number of military as well as civilian organizations located throughout all of northern AL, half of TN, and parts of MS. Such organizations include the Redstone Arsenal, on whose grounds the Marshall Space Flight Center (MSFC) is situated, the Space and Missile Defense Command in AL, Fort Rucker in AL, the Corps of Engineers in TN, Millington Naval MID-SOUTH in TN, Anniston Army Depot in AL, and Stennis Space Center and the NASA Shared Services Center

(NSSC) in MS. The PCR, whose office is located on the MSFC campus, was appointed PCR to SSC and NSSC in 2008, about a year ago.

The PCR's primary function is to obtain more business opportunities for small businesses, to which end she serves as the SBA's Commercial Marketing Representative (CMR). In that capacity, though her interface with SSC's Small Business Program is new, she has worked with the former SBS and works now with the current SBS, providing support and assistance on all small business-related issues. Much of the communication between PCR and SBS is conducted via telephone or email, and as mentioned above, the PCR's concurrence on documents such as the Small Business Set-Aside Recommendation Form is obtained electronically. SBA's lack of travel funds has precluded a site visit by the PCR.

The PCR speaks highly of the SSC Small Business Specialists—both former and current—and categorizes her working relationship with them as “excellent.” With respect to the SBS during the years of this reporting period, the PCR points out that she appreciated his knowledge of procurement regulations and practices and that he was always responsive to her requests.

**STRENGTH:**

Though new, the strong working relationship between the SSC Small Business Specialist and the SBA PCR benefits the center, immediately, and the Agency, ultimately. Together, both ensure that business opportunities are available to all categories of small businesses and that information about these opportunities is disseminated widely. Together, also, both ensure that the Center is in compliance with the regulations governing the small business arena.

*Center Small Business Technical Advisor*

The small business technical advisor (SBTA) is the primary consultant to the SBA PCR and Small Business Specialist in determining the extent to which a small business can perform the technical requirements of an RFP. The SBTA's primary focus is to resolve technical issues that would increase small business involvement in Center procurement, and to that end, his major responsibilities are (1) to interface with the center's procurement personnel, assisting in the review of work breakdown structures in Statements of Work of upcoming procurements in order to identify subcontracting opportunities in technical areas and (2) to advise the Small Business Specialist on the likelihood that small business would have the capabilities to perform the work in the contract being contemplated.

Interaction between the Small Business Specialist and the SBTA has been minimal, in part because the Center has had few large or technical procurements. In addition, the SBTA, who is also the manager of the Center's Small Business Innovative Research (SBIR) program, has also not always been available to participate in outreach activities with the SBS. The SBTA did participate in OSBP's annual Small Business Improvement Plan (SBIP) meeting in Huntsville, AL, on 10-11 June 2008, however.

### *Contracting Officer(s)*

The interaction between contracting officers (CO) and Small Business Specialists occur throughout the procurement cycle, during acquisition planning activities, evaluations of proposed subcontracting plans, and post-award evaluations of subcontracting plan performance. Contracting officers interviewed concerning their interaction with SSC's SBS and with the Center's Small Business Program as a whole attested to very good working relationships with the SBS and voiced strong support for the initiatives of the Small Business Program.

Illustrative of that support is one CO's effort to utilize small businesses in the Center's construction contracts, as discussed above. These construction contracts—more than 30 in number—play a key part in SSC's meeting its small business goals, as approximately 90 percent of them are small business set-asides. Also illustrative of that support is the contracting officers' including an outreach element in RFPs, requiring that the contractor support the center's Small Business Program by attending several small business and/or industry conferences or industry trade shows annually and/or hosting any of the Center's small business forums. Interviews with representatives of large and small prime contractors revealed the companies' willing involvement with such outreach activities. One company, a non-profit organization, recently hosted an event that would give the area small businesses the opportunity to meet SSC's new Small Business Specialist and hear her presentation.

### **STRENGTH**

SSC's contracting officers are to be commended for their proactive stance in support of the center's Small Business Program. Particularly to be commended is the contracting officer for the majority of SSC's more than 30 construction contracts, whose efforts play a large part in helping the Center achieve its small business goals.

#### 4. Initiatives

##### *Small Business Improvement Plan*

The NASA Small Business Improvement Plan (SBIP) consists of three initiatives for improving the Agency's Small Business Program. These initiatives, developed at an annual meeting attended by center small business specialists and SBTAs, personnel from the Office of Procurement and the Office of General Counsel, and representatives from each of the four HQ Mission Directorates, are to be undertaken by each center. Progress in accomplishing the initiatives is reported in the centers' mid-year and final Small Business Program Reports.

The three initiatives of the FY 2008 Small Business Improvement Plan are (1) Ensure Accurate Reporting and Data; (2) Improve Actuals and Goals; and (3) Obtain Management Commitment. SSC's FY 2008 Final Small Business Program Report documents the center's progress in accomplishing the initiatives. With respect to the first initiative, SSC uses the V&V Data Quality Plan it established to verify FPDS data and correct all errors, requires contracting officers to certify the accuracy of data for every contracting action, and provides training to procurement personnel on recognizing frequently-recurring errors. With respect to the second initiative, SSC improved its performance in two socioeconomic categories by using the HUBZone and SDVOSB set-aside

authorities, by ensuring that ISR data in eSRS are accurately reported, and by providing training to procurement personnel on subcontracting plan and small business utilization requirement. And with respect to the third initiative, SSC reports that the performance evaluation plans for all contract specialists include evaluation criteria pertaining to their commitment to the Small Business Program and that Award/Incentive Fee contracts contain subcontracting evaluation factors when subcontracting plans exist.

In addition to the agency-wide SBIP initiatives, SSC has undertaken two center-wide initiatives: (1) Standardize the process for set-aside coordination with the SBS, in order to increase SBS involvement in acquisition planning and increase acquisition personnel awareness of small business goals and (2) Continue the SSC Small Business Forum. The first initiative resulted in the requirement to route all set-aside recommendations through the SBA PCR and in forms that were amended to include this process. The second initiative resulted in the convening of three Small Business Forums during FY 2008.

#### *Programs Planned / Implemented*

The SSC Small Business Forum cited above was established in November 2007 to promote closer working relationships and better communication among all on-site entities at SSC, whether NASA organizations, organizations of other agencies, or contractors. The meetings are held quarterly and focus on sharing general information that could result in contract opportunities for small businesses. The forum has met three times during this reporting period, each hosted by a different organization: the first by SSC, the second by a tribally-owned 8(a) HUBZone company, and the third by a private non-profit small business. Both small businesses are SSC contractors. There have been no further meetings since May 2008 for the reason that no other entity has offered to host the Forum. SSC's Procurement Officer fully supports the Small Business Forum and plans to work with the current SBS to revive it.

#### *Special Assignments / Committees*

Because the Small Business Specialist is also a Procurement Analyst, many of the assignments he undertakes are procurement-related. With respect to special assignments, the SBS has, throughout this reporting period, served as the center's FPDS-NG Administrator and focal point for verification/validation activities. In addition, between November 2007 and July 2008, he served on the NASA Small Business Specialist Council's working group to revise the Small Business Program Report format and to develop a scoring methodology for the upcoming Administrator's Cup Award.

#### *Pending Significant Projects / Events*

The hosting of the quarterly Small Business Council meeting was a pending significant project for SSC during the FY 2006-2008 reporting period. That meeting was convened in January 2009. Attended by the OSBP, the Small Business Specialist from all of the NASA centers, and representatives from the HQ Procurement Office and Office of General Council, the SB Council meeting was a two-day forum for discussing small business-related issues, participating in training sessions, and sharing best practices.



A second pending significant project is the result of the SSC Procurement Officer's efforts to coordinate procurement and small business programs with other agencies that are tenants on the SSC campus. The Procurement Officer has made a presentation to the SSC Executive Council, comprised of the directors of those agencies as well as the SSC Director, and has gained the Council's support for a joint Procurement / Small Business Forum. The event is scheduled for the August-September 2009 timeframe.

## IN-REACH AND OUTREACH

### 1. Management Briefings and Briefings to Other Center Organizations

The Small Business Specialist provides monthly briefings to the Procurement Officer to keep her abreast of small business-related activities occurring throughout NASA, and the Procurement Officer, in turn, briefs the Center Director at their regular Senior Staff Meetings. The SBS also keeps the Procurement Officer "in the loop" during the annual development of the center's small business goals and periodically briefs Procurement senior management about the fiscal year's prime and subcontractor socioeconomic goals. Procurement senior management is also kept informed throughout the development of the center's three SBIP initiatives.

### 2. Training Provided and Received

During this reporting period, the SBS provided a variety of training to the center's contracting officers and specialists and industry representatives. Topics included small business-related issues such as set-asides that comprise the A-3 Test Stand procurements, subcontracting requirements and the Small Business Utilization Subfactor, the SBA 8(a) Partnership Agreement, and the NASA Mentor-Protégé Program. The numbers of attendees at these sessions, which average about 16 persons, have varied according to topic.

With respect to training received, the SBS lists in his 2008 Final Small Business Program Report courses that were taken in-house at SSC, courses taken at other centers, and training received electronically. The NASA Procurement Training Conference, held in October 2007 in Orlando, FL, provided training on a variety of topics pertaining to procurement, while training received at SB Council meetings centered on small business-related issues.

### 3. Counseling

SSC's counseling sessions for small businesses are comprehensive in topics covered and responsive to the concerns articulated by the companies that request the meetings. In addition to providing an overview of the center's organizational structure, the Small Business Specialist discusses the procurement process and provides information about upcoming procurement opportunities and procurement points-of-contact. Counseling is provided one-on-one--in person, by telephone, or via e-mail, as the occasion requires--and generally focuses on doing business with NASA. The SBS also counsels large businesses when requested. In these cases, the discussion generally focuses on involving small businesses in SSC initiatives.

Counseling is also provided at conferences and expos. The Small Business Specialist has counseled small businesses during such conferences as the annual KSC Expo and the JPL High Tech Conference and has participated in face-to-face matchmaking events sponsored by NASA or other government organizations. Examples of the latter include the annual JPL High Tech Conference in Los Angeles, CA; the GSA Small Business Matchmaking Conference in Gulfport, MS; and the Connecting Businesses with Contracts Procurement Conference in Baton Rouge, MS.

#### 4. Participation in Conferences, Expos, Industry Days

The SSC Small Business Specialist participates in a number of outreach activities throughout each year, supporting conferences and business expos sponsored by other agencies and organizations as well as engaging in outreach to the small business community. In the past two fiscal years of this reporting period, the SBS attended, exhibited at, served as panelist for, or spoke at more than ten events. These include the Louisiana PTAC & Business Conference / Biz Tech Expo in Baton Rouge, LA; the National HUBZone Conference in New Orleans, LA; the SBA 8(a) Conference in Biloxi, MS; the OSDDBU Procurement Conference in Upper Marlboro, MD; the Mississippi Business Procurement Opportunities Conference in Vicksburg, MS; the SBA Veterans conference in Jackson, MS; the 4<sup>th</sup> National Minority Serving Research Institutions Partnership Conference in New Orleans, LA; and the annual Kennedy Space Center Small Business Expo in Cape Canaveral, FL

#### 5. Other

##### *Website*

Procurement information on the SSC website is accessed via the “Doing business With Us” link, which, in turn, provides access to business opportunities posted on the NASA Acquisition Internet Service (NAIS) and the agency’s as well as the center’s Acquisition Forecasts. The link also provides access to NASA’s Small Business Innovative Research (SBIR) Program and the Agency’s home page. Information pertaining to the center’s Small Business Program is not provided on this procurement website, however, so that small companies seeking to “get a foot in the door” would have difficulty getting started. The Small Business Specialist’s contact information, which is provided on the OSBP website, is also not provided on the Center’s procurement website.

## **CONSIDERATION**

SSC may want to consider including information pertaining to its Small Business Program and/or a link to the NASA OSBP website as part of its procurement website.

##### *Awards*

SSC makes it a practice to recognize NASA personnel and contractors who do exceptional work in promoting the agency’s mission. An illustration of the former is the Small Business Specialist’s receiving a Special Act or Service Award for exemplary service as SBS. An illustration of the latter is SSC’s recognizing the exceptional work of one of its small business contractors by presenting a total of five Space flight Awareness Awards, one Silver Snoopy Award, one NASA Frontline Award, and one NASA Distinguished Public Service Medal.

A second illustration is the center's own award ceremonies, the winners of which were submitted as nominees for the OSBP Small Business Advocates Awards (SBAA) and Small Business Industry Awards (SBIA). These awards are presented annually to NASA employees and NASA contractors, respectively, who make significant contributions to the Agency's Small Business Program.

## SUMMARY

SSC's Small Business Program is the beneficiary of strong support from the center's Office of Procurement, collectively. Contracting Officers have been pro-active in promoting outreach to the small business community by including such requirements in RFPs and have also contributed substantially toward the center's small business metrics through the establishment of small-business set-asides. Similarly, the strong support and guidance provided by the Office of Procurement's senior managers have been instrumental in the SBS's efforts to implement both Center and OSBP small business initiatives. More involvement in the program by the SBTA and more information about the program on the Center's website would strengthen the program's effectiveness. The center's advocacy of its Small Business Program, however, is notable.